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Lighting Co., Ltd., [1906], 1 Ch. D. 497, seems to lay down the correct rule to govern the case where a receiver has incurred debts without leave of court. In that case, in a debenture-holders' action, a receiver and manager was appointed and authorized to borrow 3,000 pounds "for the general purposes of the business," the sum to be a first charge on the assets. The manager carried on the business and, without leave of court, incurred debts in excess of this amount. He withdrew from office and was subsequently declared a bankrupt. The debenture holders brought an action to declare that he was not entitled to indemnity in respect of liabilities incurred beyond the amount allowed. The court said it was the duty of the receiver, if he found the amount allowed by the court insufficient to carry on the business properly, to have called the court's attention to the matter to get leave, if the court sees fit, to incur further liabilities. But the court refused to rule, as a matter of law, that failure to obtain such leave would deprive the receiver of the right to indemnity in all cases. The rule as laid down by the court is, that if he contracts additional debts without leave of court, the receiver assumes the burden of showing that, having regard to all the circumstances under which he did so, he was justified in incurring such expense without leave first obtained. In *Strapp v. Bull, Sons & Co.* [1895], 2 Ch. D. 1, a manager had entered into obligations beyond the limit allowed by the court, yet the question as to his right to indemnity for such excess was not raised. "I have no doubt that the receiver must be indemnified, and have his costs as between solicitor and client out of the fund." Master of the Rolls, in *Courand v. Hamner*, 9 Beav. 3.

BANKRUPTCY—SOLICITOR AND CLIENT—ACCOUNT STATED BANKRUPTCY OF CLIENT—TRUSTEE'S RIGHT TO GO BEHIND STATED ACCOUNT, AND REQUIRE DETAILS.—From 1901-1905, inclusive, Van Laun, the debtor, was engaged in large financial enterprises and employed Chatterton, a solicitor, to represent him in numerous matters, chiefly contentious business. As collector, Chatterton received and made payments in behalf of Van Laun, and gave and took receipts therefor. At different times the solicitor furnished his client with cost accounts showing receipts and disbursements on behalf of the debtor. On each occasion these accounts were balanced, and each time the debtor waived the inspection of a detailed bill of costs, but wrote at the bottom of the account, "I agree this account." When the third account was balanced, January 5, 1905, it showed upwards of 3,800 pounds due Chatterton for costs, and five days later the debtor executed a mortgage in favor of Chatterton, which recited that Van Laun was indebted to him for professional services, and that an accounting had been had, the mortgage being framed so as to secure future claims as well as past. In March, 1906, Van Laun was adjudged a bankrupt, and Chatterton filed his claim, putting in his mortgage as evidence. *Held*, that the trustee was entitled to go behind the covenant in the mortgage deed and the account stated, and to require some satisfactory evidence before allowing the claim. *Van Laun, In re; Chatterton, ex parte* (1907), 76 L. J. K. B. 644.

On behalf of the appellant, it was contended that, since the amount of costs

had been agreed and an accounting had between the parties, the trustee in bankruptcy was bound, subject only to his right to be satisfied, there was a cause of action against the bankrupt in favor of the solicitor; that he could not inquire into the adequacy of the consideration for the account stated. But a court of bankruptcy may go behind a judgment to inquire into the consideration for the judgment debt, even where the judgment was taken by default. *Ex parte Kibble*; *In re Onslow*, L. R. 10 Ch. App. Cas. 373; and even though the judgment be taken by confession, *Ex parte Lennox*; *In re Lennox*, 16 Q. B. D. 315, although a judgment or order to which a debtor has consented is far stronger evidence against him of the validity of the debt for which it purports to be given than a mere judgment by default, and any claim that there was no consideration for the judgment debt should be scrutinized accordingly. In this case L. had made two promissory notes to one Williamson for his benefit and without consideration. One Emmott, to whom the notes were transferred with full knowledge of the transaction between Williamson and L., brought suit on the notes against L. The defendant pleaded no consideration for the making of the notes, and that the plaintiff was not a holder in due course. At the trial L. withdrew his defense and, by his consent, the court entered judgment for the plaintiff as upon confession; L. was to have a month in which to pay. Upon his failure to pay the judgment confessed, Emmott instituted bankruptcy proceedings against him, whereupon L. gave notice to dispute the petitioning creditor's debt. The case was remitted to the Registrar in order that an inquiry might be made into the truth of the defense pleaded, but subsequently withdrawn. The reasons underlying this doctrine were thus stated in the *Lennox* case: If a petitioning creditor goes into a court of bankruptcy and has a man adjudged a bankrupt on a false claim, then another creditor could come in and have the first claim investigated and set aside if false; the court would then be in the predicament of having declared a man bankrupt upon a debt which never existed. In *ex parte Kibble*, supra, the court said if a judgment were conclusive, a man could allow any number of judgments to be taken by default against him by his friends without any debt due them; the consideration should therefore be open to investigation. But a court of bankruptcy will not, as a matter of course, inquire into the validity of a judgment debt, but only where there is evidence of fraud or collusion, or a miscarriage of justice. *In re Flatau*; *ex parte Scotch Whisky Distillers, Ltd.*, 22 Q. B. D. 83.

BANKS AND BANKING—RECEIVERS IN PROCEEDINGS FOR DISSOLUTION—SUFFICIENCY OF BILL.—The auditor of public accounts of the state of Illinois began an examination of the affairs of the Milwaukee Avenue State Bank, and caused the doors thereof to be closed, on account of the impairment of its funds by the fraudulent conduct of its president. While the bank was in charge of the auditor for the purpose of examination, the superior court of Cook county, upon the application of certain creditors and depositors of the bank, appointed one Fetzner receiver for said bank, who proceeded to take possession of its property and assets and to oust the auditor. **Thereupon**